Sunrise Bay POA

2023 September Special Member Meeting

Your Sunrise Bay Board
President – Tina Rulli
Vice President – C.J. Gorkos
Treasurer – (Interim) C.J. Gorkos
Secretary – Maureen Kenny
Director at Large – Stashia Van Deusen

WELCOME! The meeting will start at 10:30.

Please sign in!

- **In Person** – sign-in sheet located in the room
- **Online** – put your name and Lot # in the chat

Tech Check and Logistics

- The room mic is active so our Zoom attendees can hear you. **Please keep the room quiet** and don't talk over each other to ensure only one person is speaking (and heard) at a time.
- There is a speaker in the room so we can hear our Zoom attendees.
- The room video is active so our Zoom attendees can see you.
- There is a shared screen in the room so we can see our Zoom attendees.
- For Questions:
  - In the room - **Raise your hand** and you will be called on.
  - Online – **Put your Lot# and question in the chat**. When called on, you can unmute yourself if needed.
- For Voting:
  - **Voting will be in Lot order** based on the Roll Call results to capture all in person, online, and via Proxy
- **We have to be out of the room no later than 12:30pm**.

Agenda

10:30 – 12:30 ET

1. Roll Call and Quorum Determination (at least 9 properties present)
2. Approval of June 10, 2023 Minutes
3. Amended and Restated Governing Documents' Status
4. Financial Status
5. 2024 Budget and Dues
6. 5-Year Dues Option
7. Opportunity to Join the Board
8. Meeting adjourned

Amended and Restated Governing Documents' Status

Results to Date

*2/3 properties = 59

59+ "For" = Pass
30+ "Against" = Fail

- **By-Laws** = Passed June 10, 2023 and posted on our website
- **Articles** = Require more than 2/3* vote of properties (concluded at today's meeting with quorum present)
  - As of today, 54 For and 7 Against
- **Covenants (Declaration)** = Require an instrument (no meeting) signed by owners of at least 2/3* of properties
  - As of today, 40 For and 20 Against
  - The vote will remain open until enough votes are in

Financial Status

As of August 31, 2023

Budget v. Actuals Summary

	2023
Budget	$28,788
Repairs	$28,481
2023 Reserve Contribution	$10,000
Approved 6/10/23	**$67,269**
8/31/23 Actuals	$49,407
Projected Remaining Exp	$9,376
2023 Reserve Contribution	$10,000
BALANCE	($1,514)

From June 10 Annual Meeting

As of August 31, 2023

Budget v. Actuals Detail

Sunrise Bay POA - 2023 Budget vs. Actuals as of 8/31/23			
Category	**Budget**	**Actual**	**Projected Remaining 2023 Expenses**
Electric	**$2,100**	($1,076)	($1,024)
Liability Insurance	**$2,500**	($1,741)	$0
Lawn Care Common area	**$14,400**	($8,400)	($6,000)
Postage and OFC supplies	**$500**	($84)	($100)
Entrance way support	**$50**	$0	$0
Accounting Services/Software	**$1,134**	($1,458)	
Web Site Renewal	**$260**	$0	($264)
Taxes Fed & State	**$0**	$0	($92)
Common Dock Repair -	**$0**	($28,259)	$0
Annual Report SCC	**$25**	($25)	$0
CIC Board License Renewal	**$75**	($90)	$0
P.O. Box renewal	**$200**	$0	($210)
Annual Meeting Committee (post meeting event)	**$0**	$0	$0
Facility Rent Annual Mtg	**$0**	$0	$0
Annual Block Party	**$0**	$0	$0
CNA Surety Bond Ins.	**$234**	($234)	$0
Legal fees	**$4,000**	($4,999)	($1,500)
Misc	**$400**	($145)	($100)
Zoom Account	**$160**	($146)	($87)
Reserve Study (Every 5 years)	**$2,750**	($2,750)	$0
Total Expenses:	**$28,788**	($49,407)	($9,376)

Operating Account 2023

Here’s where we stand in operating funds

Operating Account	2023
Balance as of 9/16/23	$42,831.19
2023 Remaining Expenses	$9,376.00
Account Balance	**$33,455.19**
Transfer back to CD (Reserve Fund)	$10,078.14
Open New CD (2023 Reserve Fund Contribution)	$10,000.00
EOY Account Balance	**$13,377.05**

Reserve Fund 2023

Here's where we stand in reserve funds

Reserves as of 9/16/23	2023
CD #1	$25,792.27
CD #2	$25,952.42
TOTAL	**$51,744.69**

2024 Budget & Dues

Updates | Two Budget Options | Associated 5-Year View

Our Annual Dues Fund Two Accounts

Operating Account

- Pays our operating costs (“bills”)
- Pays regular maintenance needs (gravel, painting/staining, minor repairs, etc.)
- Pays services required (e.g., Accounting, Legal, Reserve Study, etc.)
- Our “Checking” Account
- Tax Law is clear about monies and usage distinctly separate from reserve funds

Reserve Fund Account

- Can ONLY pay for major repair and replacement costs of Common Area and Capital Component site items included in our Reserve Study* (entrance signs, gate, stormwater management, sidewalk, boat ramp, docks, and dredging)
- Note this does not include Capital *Improvements*, which are funded separately and distinctly outside of Reserves
- Pays on an estimated replacement schedule outlined in our Reserve Study
- Our CDs (and separate account coming soon)

*The Reserve Study is required by law every 5 years to provide an inventory of the Association’s components that require periodic replacement. It includes a general view of their condition and an effective financial plan to fund projected periodic replacements.

Quick Summary of Where We Are

- **Required Reserve Study was completed** showing our inventory of items owned by the Association, their condition, and an effective financial plan and schedule to fund their projected replacements. We have been contributing $10-$15k each year. The Study shows we need to be contributing $43,848 starting in 2024 (see p. A-5).
- **The Reserve financial plan and schedule will be reviewed annually** against actual replacement needs and cost as part of the budget process going forward.
- **New legislation is anticipated in the next 1-2 years** that will not only require the Study be completed every 3-5 years, but that Associations must comply with its results.
- **5-Year operating budget projections are completed** to include known expenses coming due and accounting for 3.5% inflation where applicable.
- **Reserve Study and budget projections show we are grossly underfunded** to cover known operating, repair, and replacement expenditures over the next 5 years.
- **We want to solve for the gap using annual dues**, not Special Assessments.
- **We must pass a 2024 budget and dues increase at this meeting**.

Updates Since Pre-Read 7/27/23

- Adjusted the Proposed Budget numbers based on Budget Actuals as of August 31, 2023.
- One Board vacancy with a likely second one next month
  - This highlighted (again) our financial management vulnerability every time a volunteer Board member –and specifically the Treasurer office-- transitions
  - This, in addition to such a large dues increase, addition of a separate Reserve account, plus not having a strong budgeting or Reserve Study historical process, prompted research on professional management options
- Two Proposed Budget versions will be presented

Professional Financial Management Option

To ensure all funds are properly, professionally, and consistently managed, recorded, and reported without risk of data, records, or procedural loss during Treasurer and Board transitions

- Financial Manager from Association Management firm, Real Property Management, Inc.
  - Maintain Association's operating and reserve accounts
  - Facilitate the collection, accounting, and receipting of receivable income for the Association
  - Pay Association bills
  - Maintain accurate and complete books of account and financial records to include monthly closings, financial reports, and tax documentation
  - Provide electronic options for dues payments and account statements to Members
  - Prepare and deliver POA Disclosure Packets
  - Provide online access for Members and Association
  - Provided for an annual cost of ~$6,500 ($74 per year in additional dues)
- Note this is not full professional management –only financial management

2024 Budget (100% Board Managed)

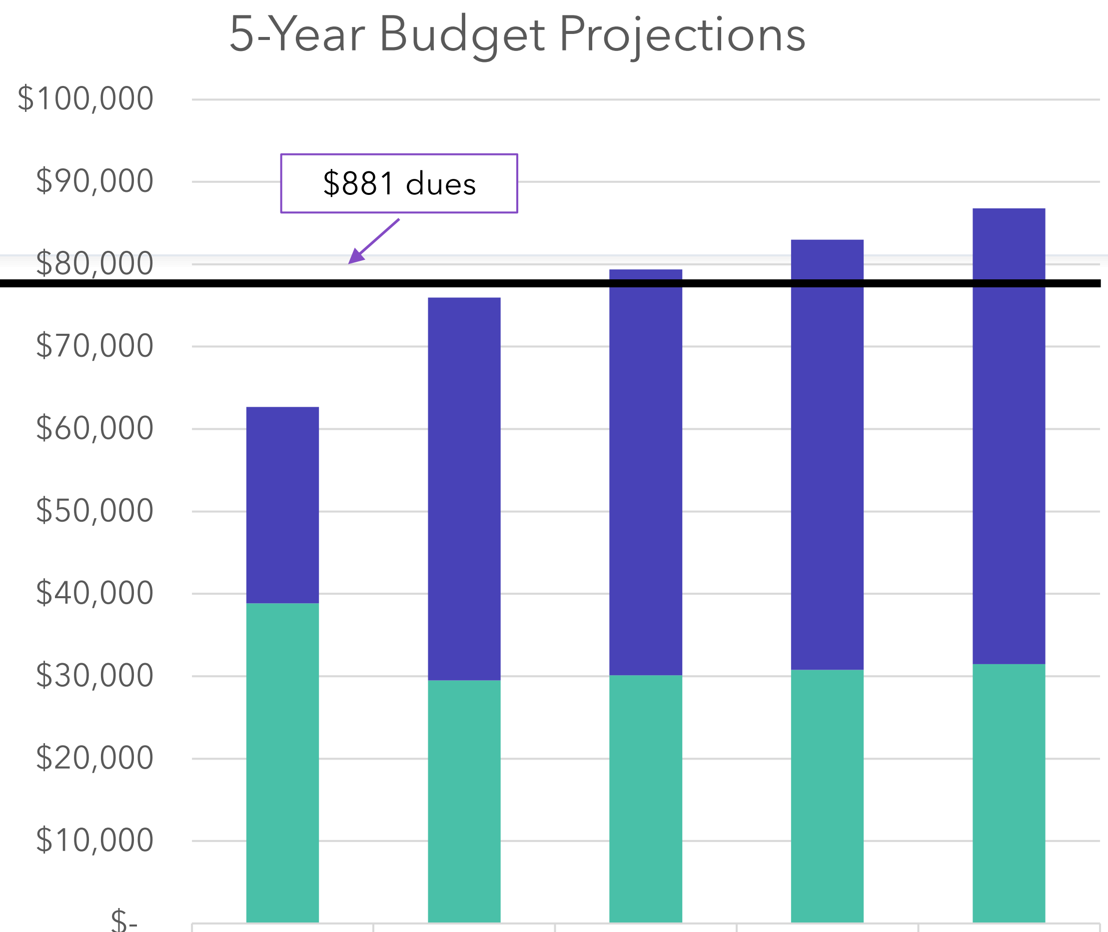
- **Removes Entrance Way Decorations**.
- **Accounts for 3.5% inflation** on applicable expenses.
- **Includes an allowance** to be ready for required 2028 Reserve Study.
- **Assumes reduced scope** or schedule for Landscaping Services.
- **Brings back and expands the scope of the $4,000 Common Area Maintenance allowance**.
- **Includes an allowance** of $10,000 in "Common Area Maintenance" to help cover the unfinished 2023 dock repairs identified.
- **Adjusts based on August Actuals**.
- **$712 Annual Dues**

2024 Proposed Budget

Expense Anticipated	(Pre-Read) 2024	Current 2024
Postage, Copies, and Supplies	$ 517.50	$ 250.00
Accounting Services/Software	$ 1,173.69	$ 1,500.00
Entrance Way Decorations	$ -	$ -
Web Site Renewal	$ 269.10	$ 269.10
Annual SCC Report	$ 25.00	$ 25.00
Annual CIC License Renewal	$ 75.00	$ 75.00
P.O. Box Renewal	$ 207.00	$ 217.35
Legal	$ 4,000.00	$ 4,000.00
Zoom Account	$ 165.60	$ 216.00
Reserve Study Accrual (due in 2028 for effective date Jan. 1, 2029)	$ 400.00	$ 400.00
Utilities	$ 2,173.50	$ 2,173.50
Liability Insurance	$ 2,500.00	$ 2,000.00
CNA Surety Bond Insurance	$ 234.00	$ 234.00
Taxes (Federal and State)	$ -	$ 100.00
Landscaping Services	$ 13,000.00	$ 13,000.00
Common Area Maintenance (repairs not funded by Reserves)	$ 14,000.00	$ 14,000.00
Miscellaneous	$ 400.00	$ 400.00
Annual Reserve Fund Contribution	$ 23,838.00	$ 23,838.00
Professional Financial Manager	$ -	
TOTAL	$ 62,978.39	$ 62,697.95
	Annual Dues	$ 712.48

5-Year View

- **Reserve Fund Contribution** amounts are from the Reserve Study (p. A.5), using the amounts that account for 6% construction cost inflation.
- **Bills** amounts take the current proposed 2024 budget without Financial Manager plus a 3.5% annual inflation rate where applicable.
- **Annual dues increase** required every year for the next five.
- **OR one increase to $881** for the next five years.



	2024	2025	2026	2027	2028
Reserve Fund Contribution	$23,838	$46,468	$49,256	$52,212	$55,345
Bills	$38,860	$29,477	$30,115	$30,776	$31,460
BUDGET (Annual Dues)	$62,698 ($712)	$75,945 ($863)	$79,371 ($902)	$82,988 ($943)	$86,805 ($986)

2024 Budget (w/ Financial Manager)

- **Removes Entrance Way Decorations**.
- **Accounts for 3.5% inflation** on applicable expenses.
- **Includes an allowance** to be ready for required 2028 Reserve Study.
- **Assumes reduced scope** or schedule for Landscaping Services.
- **Brings back and expands the scope of the $4,000 Common Area Maintenance allowance**.
- **Includes an allowance** of $10,000 in "Common Area Maintenance" to help cover the unfinished 2023 dock repairs identified.
- **Adjusts based on August Actuals**.
- **Adds $6,500** for Professional Financial Manager ($74 addition to annual dues).
- **$786 Annual Dues**

2024 Proposed Budget

	(Pre-Read)	Current
Expense Anticipated	**2024**	**2024**
Postage, Copies, and Supplies	$ 517.50	$ 250.00
Accounting Services/Software	$ 1,173.69	$ 1,500.00
Entrance Way Decorations	$ -	$ -
Web Site Renewal	$ 269.10	$ 269.10
Annual SCC Report	$ 25.00	$ 25.00
Annual CIC License Renewal	$ 75.00	$ 75.00
P.O. Box Renewal	$ 207.00	$ 217.35
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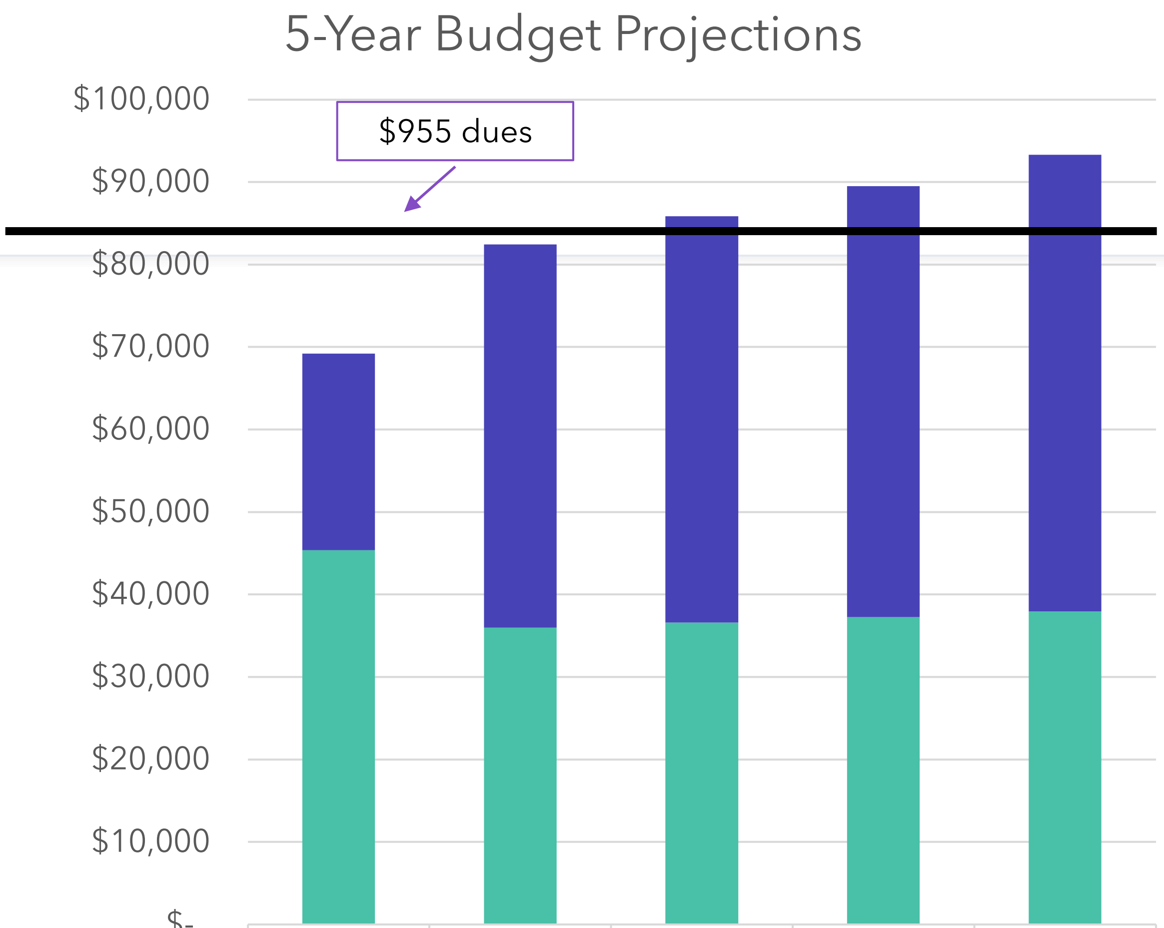
Reserve Study Accrual (due in 2028 for effective date Jan. 1, 2029)	$ 400.00	$ 400.00
Utilities	$ 2,173.50	$ 2,173.50
Liability Insurance	$ 2,500.00	$ 2,000.00
CNA Surety Bond Insurance	$ 234.00	$ 234.00
Taxes (Federal and State)	$ -	$ 100.00
Landscaping Services	$ 13,000.00	$ 13,000.00
Common Area Maintenance (repairs not funded by Reserves)	$ 14,000.00	$ 14,000.00
Miscellaneous	$ 400.00	$ 400.00
Annual Reserve Fund Contribution	$ 23,838.00	$ 23,838.00
Professional Financial Manager	$ -	$ 6,500.00
TOTAL	$ 62,978.39	$ 69,197.95
	Annual Dues	$ 786.34

5-Year View

- **Reserve Fund Contribution** amounts are from the Reserve Study (p. A.5), using the amounts that account for 6% construction cost inflation.
- **Bills** amounts take the current proposed 2024 budget with Financial Manager plus a 3.5% annual inflation rate where applicable.
- **Annual dues increase** required every year for the next five (reflects the $74 increase).
- **OR one increase to $955** for the next five years (reflects the $74 increase).



	2024	2025	2026	2027	2028
Reserve Fund Contribution	$23,838	$46,468	$49,256	$52,212	$55,345
Bills	$45,360	$35,977	$36,615	$37,276	$37,960
BUDGET (Annual Dues)	$69,198 ($786)	$82,445 ($937)	$85,871 ($976)	$89,488 ($1,017)	$93,305 ($1,060)

Questions & Vote

Vote #1: 2024 Budget and Associated Dues

Vote #2: 5-Year Dues Option

Vote #3: Use the 2023 $10k contribution to fund the new account vs. CD

Board Opportunity!

Board Member

- We have two vacancies to fill to meet our 5 Board member requirement
- You do not need to be local to be on the Board
- The Board term is three years, and you hold an office for one year at a time (June to June)
- Current offices vacant are Treasurer and Vice President
- Any Board member can hold two offices except the President

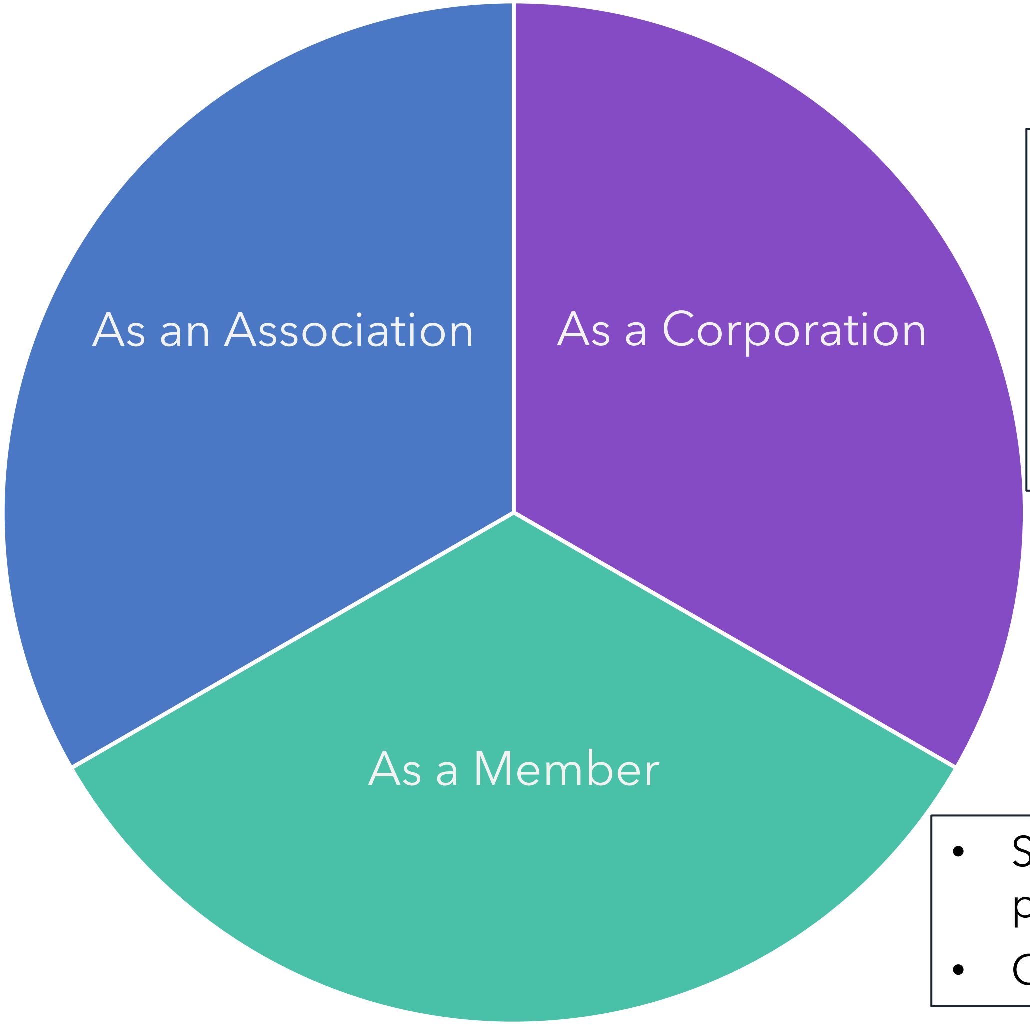
Thank you!

Meeting Adjourned

Appendix

Sunrise Bay POA

- Virginia POA Act
- CIC Board Licensure
- Reserve Study
- SBPOA policies and governing documents



- Virginia Nonstock Corporation Act
- State Corporation Commission
- SBPOA Articles of Incorporation

- SBPOA Covenants and policies
- County ordinances

■ Nonstock Corporation ■ Property Owner Membership ■ Common Interest Community

What if we don't follow the Reserve Study's funding plan?

- **If the law passes requiring us to comply with the Reserve Study results** – We will have an even shorter and steeper climb to comply with the replacements schedule laid out in the Reserve Study.
- **If the law doesn't pass** – We will not be funded by the time replacements are needed and must resort to Special Assessments to pay for them.
- **If members don't pass those Special Assessments** – They are choosing not to repair/replace the component(s) and we will need to pay to decommission (remove) it/them once they become unsafe.